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KWANGTUNG SUMMER CROP TAX COLLECTION REVEALS WEAKNESSES;
DISCUSSES CENTRAL AND SOUTH CHINA 1950 AUTUMN-GRAIN TAX COLLECTION

The Kwangtung Provincial Government has issued a directive intended to equalize rural tax burdens. Refunds for overpayments are directed to be made in hardship cases, in nonhardship cases overpayments may be deducted from autumn collections. An additional 30-50 percent should be collected in the summer collection as an advance against the autumn collection. While tax collection principles should be adhered to carefully, local conditions may require adjustments in individual cases. No overcollection will be permitted on the 30 percent allowed to be collected for local government expenses.

A report by the Finance Department of the Central and South China Military and Administrative Committee indicates generally successful results in the 1950 - 1951 autumn-grain tax collection program. Describing the four methods of collection employed, the report indicates the ones considered best. Methods of land classification and tax assessment are also discussed and criticized.

The crop tax remains one of the chief problems in cementing the relations of the peasants and the city workers. In Central and South China, 80 percent of the population is affected by the crop tax. Their attitude toward it is of immense importance to the whole policy of the state.

KWANGTUNG AUTHORITIES ISSUE DIRECTIVE -- Canton, Nan-fang Jih-pao, 10 Sep 51

The summer crop tax collection is practically finished in Kwangtung. In some areas, the cadres, in their haste to bring the task to a speedy conclusion, have allowed inequalities in the tax burden to develop. Hence, this directive is being issued to bring about equalization.

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1. In cases where poor or hired peasants in their patriotic ardor have overpaid their taxes to the degree that it leaves them handicapped by lack of grain for production or even for their subsistence, a refund should be made to them from surpluses in the local hsiang or ch'u warehouse. If no such surplus exists, a supplementary collection of unpaid portions of the tax may be made from more well-to-do peasants to supply the need. If the farmers who have overpaid are not in too dire straits, it may be explained to them that while there is only one tax computation there are two collections -- summer and autumn -- and that what they have overpaid in the summer collection can be deducted from the additional amount they should pay in the autumn collection.

If a grain refund has to be made, it should be approved by the hsien authorities. In case the one making overpayment is in the middle or upper middle economic level of his class, an adjustment can be made in the autumn collection, but the individual involved should be given full explanation of the policy. However, if the overpayment is so unusually large as to affect adversely his economic situation, an adjustment may be made.

2. A grave error has been committed in some areas where the rental income accruing to those who rent out small plots of land (such as veterans' families, orphans and widows, etc.) has been frozen. The error has been aggravated where the amount collected for the advance levy against the autumn collection has been as great as 70 percent, that is on the same basis as for regular landlords. Where the livelihood of such families has been adversely affected frozen rents should be released according to the provisions of the first regulation above. The amount they should receive after adjustment of the amount of rent reduction and the advance tax loan, must be returned to them.

In cases where the tax loan [extra collection from summer crops to apply as advance payment on amount due in autumn collection] has not been gathered, collection should be carried out in accord with the policy of the provincial government. The loan should be from 30 to 50 percent according to individual capacity to pay.

3. In land-reform areas, the central government policy of cumulative responsibility should be applied. If, in carrying out the method of comparative taxation or of taxation according to the number of persons in a family or of the number of mou cultivated, an apparent hardship is created, the principle of taxation according to the amount of income may be provisionally applied to provide an adjustment. No extra tax should be collected for production exceeding the estimates when this production results from extra application or skill of the farmer in his cultivation.

This policy will act as an incentive to better farming. Care should be taken to give proper attention to the interests of those who have lately had land distributed to them. Estimates may be delayed till the autumn collection when an adjustment may be made to balance the assessment for the two crops.

4. The additional tax of 30 percent set by the central government for local governments should be strictly adhered to. In some places this figure has been raised on various pretexts. Extra funds collected on such pretexts may not be disbursed. They must be reported to the provincial authorities for action. All items introduced to pad budgets must be eliminated.

5. In all areas, whether or not the quota has been met, pressure must be continued on landlords and wealthy peasants to pay up any amounts in arrears. In this way there can be no appearance of favoritism toward these classes, as is at present charged by the poor and hired peasants. Any such actual favoritism is a grave deviation.

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Pressure should be exerted on middle-class peasants sufficient to assure complete returns from them. With regard to the poor and hired peasants (or those who during land reform have recently become landowners) the levy should be in accord with actual circumstances. If they are short only a small amount, collection may be waived. In case of large shortages, where their circumstances are actually very difficult, collections may be delayed till the autumn levy.

6. Before adjustments are made, a proper educational program should be carried out to make sure the masses understand the real meaning of the government taxation policy. Thus counterrevolutionaries will be unable to make any capital out of the adjustments made. The patriotism of the farmers in making possible the speedy termination of this summer collection should be properly recognized and praised. Delinquent reactionary landlords, whose delinquency is deliberate, should be dealt with and required to meet their quotas fully so that the masses may know that the government policy cannot be evaded. Thus the unity of the peasant and laboring classes will be further cemented.

Authorities on all levels should honestly and strictly carry out the above provisions and report the results to the provincial government.

REPORTS CROP TAX COLLECTION RESULTS OF 1950 -- Hankow, Chiang-chiang Jih-pao, 22, 23 Jul 51

Except in Kwangsi, the 1950 autumn grain-tax collection was completed between September 1950 and February 1951 according to a report presented to the first Central and South China Conference of rural taxcollectors. In Kwangsi bandit suppression took precedence over tax collection.

Good leadership, planning and training on all levels, the combination of tax collection with patriotic programs, and initial land-reform activities led to great enthusiasm on the part of the taxpayers. Rectification of the cadres, elimination of violence by collectors, application of democratic methods, and revision of tax rates by the Central People's Government made for smooth operations.

Care in computation and general adherence to government policies inspired the people's confidence and led to an increasing degree of self-motivation in tax payments. The four methods of collection generally used gave the following results:

1. Careful adherence to assessment according to production and to rate of assessment alleviated the people's fears of irresponsibility on the part of collectors.
2. A combination of the above with the use of some discretion in making adjustments for differing conditions, such as quality of soil, etc., evened the burden in various areas.
3. The average production system, quite largely used in the beginning of the season, resulted in amenable folk carrying a heavy burden while slippery customers evaded their responsibility. People in sparsely settled areas with poor land carried a heavier burden proportionately than those in thickly settled areas with good land. This method should be abandoned.
4. Assessment by classes above the hsiang level also resulted in inequalities similar to those occurring under the third method. Collecting tax by classes results in turning the crop tax into a capital tax which is a mistake that resulted in failure of the collections in many places in 1949. The fixing of classes is very difficult and is entirely impracticable for the collection of the grain tax.

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The basic principle in carrying out of the crop tax assessment system is careful examination of the land to make assessments practical. Much unregistered land remains to be located. The present amount of registered land is still less than under the KMT. Inequality must exist until all this hidden land is uncovered and included in the tax assessments.

There are four methods of investigating the land and determining the annual production. The first includes investigating the area and type, surveying and classifying the land, investigating and determining the production, and collating and making adjustments. The process in detail is as follows: An area, such as a hsiang or a ch'u, is divided into several plots according to the natural conditions of the ground and the cultivation practices. These plots are then classified according to soil quality. After careful investigation of representative soil samples from each plot a conference of experienced and dependable cultivators familiar with the area is called and their opinions secured after discussion. Following this, ch'u and hsien delegates' meetings are called to discuss and criticize the results. The hsien government then makes a preliminary estimate of production, based on the data resulting from the above procedures, which is submitted to the provincial government. This operation proceeding from the grass roots to the higher levels, in which the higher levels take into consideration the people's ideas in making decisions, is a simple dependable method in harmony with the idea of a people's government. Two dangers need to be avoided: (1) an arbitrary, inflexible bureaucratic decision by higher authorities, and (2) a prejudiced decision by the people based only on local conditions.

A second method consists of investigation, computation of acreage, and determination of annual production by the authorities. This method is suitable for areas where the basic organization is weak and the cadres are few. In these areas there is much hidden land but there are not enough cadres available to go through the procedures needed to locate it. Hence, a production figure set by the authorities based on selected areas and a general knowledge of these areas, as well as previous production figures, is the best way to handle the situation.

A third method, formerly used, is that of individual declaration of what the cultivator thinks is a proper production figure for himself followed by a democratic decision by the people. This method, while appearing democratic and cosmopolitan, has been demonstrated by experience to be wasteful of time and energy and productive of inequalities among areas and families.

The fourth method is that of setting an arbitrary production figure designed to squeeze the production out of the hidden land as well as registered land. This method, like the third, has now largely been abandoned.

Whatever method is used to determine norms of production, the optimum results will never be attained in only one attempt. There will have to be continuing experimentation and frequent adjustments. A heavy barrage of propaganda stressing the strict following of the policy and methods set forth by the government is the best preparation for a successful grain-tax collection program.

The 1950 grain-tax collection campaign, carried out on the above lines, generally worked out very smoothly with a good response by the people. Conferences on all levels were held for propaganda purposes and cadre study programs familiarized the cadres with the national legislation and the implementing directives of the provincial governments.

Storing the grain is the crucial activity of the program. For the proper handling of this matter, the people must first be thoroughly converted to the idea of honesty in turning in clean, dry grain of top quality. Inspection before the grain is placed in storage is very important. There must be sufficient personnel, and space must be provided and scientifically organized to care for the grain in storage. Provision of rest houses for the peasants who deliver the grain, where they can find food and drink near the delivery depots, is important.

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Lackadaisical conduct on the part of cadres in grain collection activities must be eliminated; the movement must be converted into a mass movement. All deviations, whether minute or spectacular, must be immediately and effectively dealt with. All contingencies should be anticipated and clarified by propaganda until there can be no obfuscation in the minds of either cadres or people.

Authorities on all levels should be in daily telegraphic communication with all areas. The attitude and activities of provincial governors in the autumn program is particularly important. Their leadership, guidance and control is indispensable. They are the chief liaison officers between higher and lower levels. Where the attitude of provincial governors has been neutral or negative the collection program has failed.

Newspapers should be employed to the fullest extent as media of information and propaganda in the grain-tax collection program.

Certain shortcomings in the summer collection program need to be pointed out. Inequalities between areas and levels still exist. Lack of attention to permissible reductions and exemptions, and employment of force by cadres have continued to plague the effort.

Poor-quality grain of high-moisture content and too great distance between storehouses have resulted in deplorable losses. Too great haste, carelessness in inspection, and poor handling of the stored grain have added to the toll. Too much sympathy for the people has been manifested in some cases.

It should be clearly understood that after the completion of land reform the crop tax becomes one of the main problems involved in the solidification of relations between agriculture and industry. Hence it is very important that the administration of the tax crop be such as to recommend it to the agricultural population as essentially just. The program of investigation and making assessments of production must be on a continuing basis until the people thoroughly understand it and accept their responsibility.

The tax collection policies now followed are revolutionary as compared with former times, but are basic for these times and must be put into universal operation. The twin evils of regarding only the financial aspect of tax collection and concern only with increasing the amount, on the one hand, and a carelessness concerning the amount, on the theory that the government is generous, on the other hand, must both be avoided.

The tax collection program will undoubtedly meet with many discouraging problems, but the means to overcome them are available, if wisely employed. The program affects the income of 80 percent of the people in Central and South China hence it is highly important to educate the masses to regard the project as their own, so that they become the promoters, while the cadres only guide them in carrying it out. Promotion should be begun at experimental points and expanded into a general movement. The model worker and activist programs should be promoted. People's delegates are to become active workers. Exhibits should be organized to publicize the results already attained. A steady, systematic, forward movement will bring the desired results.

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